



DISB Commissioner
Gennet Purcell

Protecting Your Financial Interests DISB's Consumer Protection and Advocacy Market Report



D.C. Department of Insurance,
Securities and Banking

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Foreclosure Update

Foreclosure Sale Notices

In December 2008, the District of Columbia recorded 489 foreclosure sale notices and 78 trustee's deeds (actual foreclosures), while in December 2009, the city experienced 433 notices and 109 foreclosures. Data indicates a greater percentage of foreclosure notices resulted in actual foreclosures in 2009 than in the preceding year.

Foreclosure Notices		Actual Foreclosures (Trustee Deeds)
December 2009	433	109
December 2008	<u>489</u>	<u>78</u>
	-56	+31

B. Year to Date Comparison:

Year to date figures indicate the city experienced 1,339 foreclosure sales notices resulting in 300 foreclosures by the end of December 2008 compared to 1,344 notices and 364 foreclosures for December 2009.

Foreclosure Notices		Actual Foreclosures (Trustee Deeds)
YTD December 2009	1,344	364
YTD December 2008	<u>1,339</u>	<u>300</u>
	+5	+64

The data shows an increase in five foreclosure sale notices and 64 actual foreclosures over last year. The overall trend suggests actual foreclosure numbers are still rising, and DISB continues to work with residents in helping prevent foreclosures through its Foreclosure Mitigation Program.

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The D.C. Department of Insurance, Securities and Banking (DISB) oversees most financial-services activities in the District of Columbia effectively, providing information and regulatory protection to the consumers of financial services as well as District residents, while encouraging growth of the financial-services business sector. The findings of this CPA newsletter are a collective result of the work that brings together the resources of each office to continually protect consumers in the financial arena.

Foreclosure Mitigation Kit

District residents facing the possibility of home foreclosure should call DISB for advice and to obtain a copy of its **Foreclosure Mitigation Kit**. This step-by-step guide on what to do if facing foreclosure is presented in easy-to-understand language, describing what happens during the pre-foreclosure and foreclosure phases, loan refinancing, how to prevent foreclosure, and what to do after the home has been saved. Call (202) 727-8000 for more advice.



Consumer Complaints

In July 2009, DISB created an internal Consumer Protection and Advocacy Task Force to leverage the agency's collective knowledge, skills and abilities in responding to consumer issues and challenges. The CPA Task Force identified a need for specific work groups: Consumer Complaints, Mortgage Foreclosures, Market Report and Internal Operations. The Consumer Complaint work group is made up of staff from affected bureaus, who assumed responsibility for producing a comprehensive consumer complaint report.

DISB's Consumer Complaint Report is an internal document that combines information from the Insurance, Securities and Banking bureaus. Data fields identify complainant's name, ZIP code, ward, and respondent's name, nature of the complaint, status of the complaint, closure date and comments. This tool allows DISB to critically analyze consumer complaint information, identify trends, design proactive consumer protection strategies and develop policy and programs based on empirical data.

Insurance

Incorrect ID Info May Put Insurance Coverage At Risk

A D.C. senior resident contacted DISB to complain about a life insurance company that could not locate policies on her children and grandchildren, despite the fact she had paid premiums for years through payroll deductions. DISB's Insurance Bureau staff contacted the company, and determined she purchased several policies at different times dating back to 2003. Unfortunately, two of three policies were issued with incorrect names and social security numbers. Since the policies had incorrect identification, premium payments were not applied, and the policies lapsed for non-payment. Thanks to DISB's intervention, a full accounting of funds was conducted by the company, which led to the discovery of paid premiums and policies. Ultimately, the policies were reinstated using premiums already paid.

Consumer tip: Always check the status of insurance policies once a year to ensure information is correct, premium payments applied, and policies are in force. Please visit DISB's Web site, www.disb.dc.gov for additional information, or contact Consumer Protection Advocate Idriys J. Abdullah at 202-442-7832, idirys.abdullah@dc.gov.

Securities

Elder Abuse Claim Results in Tripling of Damages Award

In a rarity, an arbitrator recently cited "elder abuse" in tripling damages a discount securities firm must pay a 95-year-old client. A Financial Industry Regulatory Authority (FINRA) panel awarded the investor \$1.6 million in a case involving Stock-Cross Financial Services of Beverly Hills, Calif. According to the complaint, the client was "encouraged and invited to leverage the equity in his home with a reverse equity mortgage transaction to use as investment capital." The lawsuit alleges the broker had bilked nearly all the client's assets, including the equity in his home, his cash reserves, his emergency/medical cash reserves and even the insurance money received to replace an automobile. While many arbitration claims charge elder abuse, it is extremely rare for a FINRA panel to cite such abuse in an award. D.C. seniors who feel they are victims of elder abuse or investment fraud should contact DISB Consumer Protection Advocate Idriys J. Abdullah at (202) 442-7832 or idirys.abdullah@dc.gov. Visit DISB's Web site www.disb.dc.gov for more information.

Calendar of Events

- **Dollars and Sense Expo.** Saturday, March 6, 10 a.m. to 3 p.m., Friendship Collegiate Academy, 4095 Minnesota Ave., NE. Sponsored by the MDCCUUA, DISB will exhibit and answer consumer protection issues.
- **Ward 5 Expo,** Saturday, March 6, 9:30 a.m. to 2 p.m., Kellogg Conference Center, Gallaudet University, 800 Florida Ave., NW. Sponsored by Councilmember Harry Thomas, DISB exhibits.
- **Walker's Legacy: A Women in Business Lecture Series,** Wednesday, March 17, noon to 2 p.m., the Summer Museum, Great Hall, 1201 17th St., NW. DISB Commissioner Purcell opens with remarks at this event that features Carla Harris, a prominent Wall Street executive and author.

Enforcement and Investigations

Beware of Fraudulent Drug Benefits Plans

Over the years, DISB's Enforcement and Investigation Bureau has received several referrals from the Insurance Bureau about questionable actions by producers and insurance agents while enrolling senior residents into Medicare Advantages Plans and Medicare Prescription Drug Benefits programs. Evidence suggested that Medicare marketing guidelines and D.C. insurance laws were violated by enrolling seniors without informed consent, using deceptive sales tactics, misrepresenting the nature of coverage, or misstating the fact that Medicare Advantage Plan was a supplemental insurance product. Consequently, DISB has issued numerous administrative actions or sanctions against producers and insurance agents engaged in fraudulent business practices. Penalties have included suspension and revocation of licenses, and monetary fines. Seniors should be vigilant against Medicare insurance-related fraud. Contact Consumer Protection Advocate Idriys J. Abdullah at (202) 442-7832, idirys.abdullah@dc.gov if you believe you are at risk or visit the Web site: www.disb.dc.gov for up to date consumer alerts.



Banking

DISB Staff Helps Resident Avoid Foreclosure

A District resident, who has been unemployed since January 2007, received a written notice from her mortgage lender stating that her home would go into foreclosure in July 2007. She had previously contacted her mortgage company by certified mail informing them of her situation, but the letter was returned to her unopened. The resident contacted Ward 6 Councilmember Tommy Wells' office, who then contacted the D.C. Department of Insurance, Securities and Banking (DISB) for assistance.

Bank Examiner Eva M. Bright in the Banking Bureau handled the dilemma by consulting with several staff from the mortgage company to arrange a 60-day postponement, while efforts were made to modify the resident's loan through the Homeowners Affordability and Stability Modification Program.

"I was happy to know that I was able to make a difference in the life of a distraught homeowner," Bright said.

Eva Bright

